

August 11, 2010

Wisconsin Public Service Commission
610 North Whitney Way
Madison, WI 53705

Dear PSC Members:

The following comments are in response to Mr. Scott Walker's letter, dated August 9, 2010.

Mayor Barrett did direct Milwaukee Water Works (MWW) to resubmit the application for the water rate increase, the result of which was a reduction of the amount of the rate increase to all customers in Milwaukee and in every other community served by MWW.

The Public Service Commission (PSC) has proposed a rate to Milwaukee County Grounds that is higher, on a percentage basis, than rates proposed to other wholesale customers. This is the direct result of costs for public fire protection being assigned, for the first time, to the County Grounds. To explain, public fire protection recovers the cost of water for fighting fires and the extra capacity built into the system necessary to rapidly deliver a large volume of water to a fire anywhere within the municipality's service area. Every customer of MWW, except for the Milwaukee County Grounds, currently pays for public fire protection. Clearly, the Milwaukee County Grounds also benefit from public fire protection and should pay their fair share of these costs, rather than expecting other rate payers to shoulder the County's share.

Regarding the Economic Development Rate, a utility in a suburban municipality that desires such a rate in their tariff, may make such a request of the PSC. This was clearly stated in the Supplemental Direct Testimony of Mr. Andrew Behm of the PSC, which was filed on June 21, 2010.

MWW has requested a rate increase to ensure the financial stability of the utility, independent of the City of Milwaukee's budget. The increase currently under consideration by the PSC is less than what is allowed. This is a deliberate strategy to mitigate the impact on customers, while providing sufficient revenue for the utility to cover the costs of operations, maintenance, debt service, and capital reinvestment into facilities and infrastructure.

Milwaukee's water rates will remain highly competitive both locally and nationally, for high quality water and excellent service.

Very truly yours,

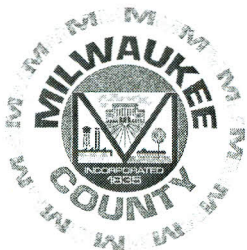


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OFFICE OF COUNTY EXECUTIVE

Milwaukee County

SCOTT WALKER • COUNTY EXECUTIVE

August 9, 2010

Wisconsin Public Service Commission
610 North Whitney Way
Madison, WI 53705

Dear PSC Members:

Last August, I wrote a letter to the Commission expressing my concern about the City of Milwaukee and Mayor Barrett seeking approval of a water rate increase of 36%. In response to concerns expressed by municipalities and consumers, Milwaukee resubmitted the application to reduce the increase to 25%.

My concerns remain the same. The institutions on the County grounds in Wauwatosa would see an increase of 52.7%. This will have a negative impact on those institutions. In addition, the Economic Development Rate that is being proposed only applies to the City of Milwaukee, putting suburban municipalities at a great disadvantage to bring in new businesses or expand existing businesses.

Again, I will reiterate that allowing the City of Milwaukee to balance their operating budget on the backs of water users is irresponsible.

I urge the PSC to deny the proposed rate increase, which is counterintuitive to economic development efforts in the entire county.

Sincerely,

Scott Walker
County Executive

SKW/kmr